

2024

Response Received

Adoption of a Sustainability Assurance Standard in Ireland

Disclaimer

The Irish Auditing & Accounting Supervisory Authority accepts no liability and disclaims all responsibility for the consequences of anyone acting or refraining from acting on the information contained in this document or for any decision based on it.

Every effort has been made to ensure the accuracy of the information contained in this document. However, the Irish Auditing & Accounting Supervisory Authority accepts no responsibility or liability howsoever arising from any errors, inaccuracies, or omissions occurring in this document.

Responses Received

IAASA received eight responses to the consultation, three from recognised accountancy bodies (RABs), three from audit firms, and one from an individual.

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

Proposal to adopt a sustainability assurance standard in Ireland

A public consultation issued by the Irish Auditing and Accountancy Supervisory Authority (IAASA)

Comments from ACCA to IAASA

19 April 2024

REF: TECH-CDR-2106

About ACCA:

ACCA (the Association of Chartered Certified Accountants) is the global professional body for professional accountants.

We're a thriving global community of 247,000 members and 526,000 future members based in 181 countries and regions, who work across a wide range of sectors and industries. We uphold the highest professional and ethical values.

We offer everyone everywhere the opportunity to experience a rewarding career in Accountancy, finance, and management. Our qualifications and learning opportunities develop strategic business leaders, forward-thinking professionals with the financial, business, and digital expertise essential for the creation of sustainable organisations and flourishing societies.

Since 1904, being a force for public good has been embedded in our purpose. We believe that Accountancy is a cornerstone profession of society and is vital in helping economies, organisations, and individuals to grow and prosper. It does this by creating robust trusted financial and business management, combating corruption, ensuring organisations are managed ethically, driving sustainability, and providing rewarding career opportunities. And through our cutting-edge research, we lead the profession by answering today's questions and preparing for the future. We're a not-for-profit organisation. Find out more at accaglobal.com.

For further enquiries please contact:

Mike Suffield
Director – Policy and Insights

mike.suffield@accaglobal.com

Jessica Bingham ACA FRSA
Regional Lead, Policy & Insights (UK,
Europe, Eurasia, Middle East & Americas)

jessica.bingham@accaglobal.com

GENERAL COMMENTS

ACCA welcomes the opportunity to respond to IAASA's public consultation on the Proposal to Adopt a Sustainability Assurance Standard in Ireland. Given our previous publications on sustainability-related assurance matters,¹ we commend IAASA on inviting public feedback on the proposed standard.

We agree with the rationale behind adopting an interim sustainability assurance standard in Ireland while awaiting the European-wide standards.

On balance, ACCA believes that the adoption of the ISAE 3000 (Revised) (ISAE 3000) as the interim standard is the best option until a standard is agreed and adopted at the European Union (EU) level by the European Commission (EC).

With regards to the option of using the proposed International Standard on Sustainability Assurance (ISSA) 5000 (ED-ISSA 5000) developed by the International Auditing and Assurance Board (IAASB), the key drawback of this option is that it is a draft standard, with no guarantee at this point as to what the final version will contain and when it will be issued. We do believe, though, that IAASA should give a clear signal of its expectation that the finalised ISSA 5000 will provide the basis for sustainability assurance engagements over the longer term.

We agree that it is not an appropriate option for IAASA to develop its own assurance standard due to the reasons outlined in the Consultation Paper (CP), such as the requirement of significant time and resources and the fact that such a standard would only apply for a limited time until the EC adopts a standard for application EU-wide.

Adopting ISAE 3000 will capture firms more experienced in using the standard and avoid fragmentation of professional standards guiding the performance of assurance engagements and ensure that practices are as consistent as possible during the transitional period.

Both ISAE 3000 and ED-ISSA 5000 allow for the provision of limited or reasonable assurance, applicable to an organisation's sustainability disclosures, and offer a comprehensive and adaptable framework, with the design of ED-ISSA 5000 tailored to address the unique challenges of sustainability assurance. The IAASB identified this as a key area of focus when developing ED-5000, and hence limited vs reasonable requirements and particularly difference in work effort,

¹ See ACCA's report *Sustainability Assurance – Rising to the Challenge* describes the landscape for sustainability assurance and introduces the extant standard and guidance issued by the International Auditing and Assurance Board (IAASB). (2023) available at https://www.accaglobal.com/content/dam/ACCA_Global/professional-insights/sustainability-insurance/PI-SUSTAINABILITY-ASSURANCE%20v5.pdf

should in theory be clearer than in ISAE 3000. However, in our feedback to the IAASB on the ED, ACCA questioned whether ED-ISSA 5000 has fully achieved this.²

ISAE 3000 and ED-ISSA 5000 are both neutral and intended to be utilised across multiple reporting frameworks. However, despite the IAASB seeking to adopt a 'profession agnostic' approach in ED-ISSA 5000, ACCA, in partnership with CA ANZ, have raised concerns as to whether this has been successfully achieved.³

We note that ED-ISSA 5000 might better align with the expectations from a potential standard to be adopted by the EC, ensuring consistency and minimising the need for significant changes in methodology and training for assurance providers when transitioning to the final EU adopted standard. However, it is still unclear as to what the final EC standard will look like, and assurance providers are likely to be more comfortable, from a legal liability perspective, working to an already established and in-place standard (i.e. ISAE 3000) rather than one that is still being finalised.

The early adoption of ED-ISSA 5000 would allow preparation for the final standard by standard setters, and necessary adaptations to the interim version could be incorporated as the standard evolves, including any potential additional standard(s) under the 5000 series following IAASB's Proposed Strategy and Work Plan for 2024-2027.⁴ However, the benefits of this are likely to be outweighed by the burden on practitioners and those interacting with the standards. Many professionals are already facing talent and retention challenges, the need to upskill professionals on a draft interim and then future standard would inflict additional workloads. In this regard utilising an existing standard ensures reduced initial pressures within the market. ISAE 3000 provides a strong foundation for sustainability assurance engagements, whilst we await the final version of ISSA 5000 which builds on and complements ISAE 3000, looking to act as an overarching standard and global baseline.

It should be noted that the IAASB considered various sustainability reporting frameworks when developing the standard, whereas ISAE 3000 was a more general standard developed back in 2013.⁵ In this regard ISSA 5000 could be more suitable when it comes to a sustainability

² [ACCA CA ANZ response to IAASB ED-5000 Sustainability Assurance final.pdf](#)

³ [ACCA CA ANZ response to IAASB ED-5000 Sustainability Assurance final.pdf](#)

⁴ See Joint submission by Chartered Accountants Australia and New Zealand and The Association of Chartered Certified Accountants on IAASB's Exposure Draft Proposed International Standard on Sustainability 5000 General Requirements for Sustainability Assurance Engagements (1 December 2023) available at https://www.iaasb.org/sites/default/files/2023-12/ACCA_CA%20ANZ_response%20to%20IAASB%20ED-5000%20Sustainability%20Assurance_final.pdf

⁵ For further information, please visit ACCA's resource on Proposed International Standard on Sustainability Assurance 5000, available at <https://www.accaglobal.com/gb/en/student/exam-support-resources/professional-exams-study-resources/p7/technical-articles/issa-5000.html>

assurance engagement, and ED-ISSA 5000 is designed as a standalone standard and hence does not require the user to refer to any other IAASB standard in conducting an assurance engagement, this is important for non-accountant assurance practitioners. Therefore, we re-iterate that it is important for IAASA to give a strong signal of its expectation that ISSA 5000, once finalised, will be the longer-term solution.

At ACCA, we requested that the IAASB undertake further work to improve ED-ISSA 5000, particularly regarding some challenging aspects of sustainability reporting such as value-chain and forward-looking information.⁶ Given these necessary improvements, we believe that ISAE 3000 stands as a better interim standard alternative for Ireland than ED-ISSA 5000.

In conclusion, we believe that ISAE 3000 should be adopted as an interim sustainability assurance standard in Ireland while the EU standard and ED-ISSA 5000 are being finalised. We advocate for the subsequent adoption of the fully developed final standard once available.

⁶ Idem.

Kevin Prendergast
Irish Auditing & Accounting Supervisory Authority
Willow House
Millennium Park,
Naas, Co Kildare
W91 C6KT

16 April 2024

Via E-mail: submissions@iassa.ie

Dear Kevin

Chartered Accountants Ireland is pleased to have the opportunity to comment on the proposal to adopt a sustainability assurance standard in Ireland.

We have responded to the questions posed in the attached.

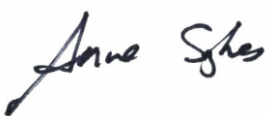
Overall we are supportive of the plans to adopt an international standard in Ireland and agree that development of a local standard is not practical or desirable. We recommend that ISAE 3000 is adopted in Ireland for sustainability assurance engagements required by CSRD as soon as possible. We believe there is significant complexity in modifying the Ethical Standard for Auditors in Ireland to apply to sustainability assurance engagements required by CSRD. We believe sustainability assurance providers should apply the requirements of Parts 1 and 4B of the 2023 IESBA Code of Ethics in addition to the legal requirements set out in the legislation implementing CSRD and the Audit Regulation 537/2014 as amended.

We are conscious of the many complexities involved in updating the Ethical Standard for Auditors in Ireland for assurance engagements required by CSRD we would be happy to participate in an IAASA working party in this regard.

In addition, we believe when the consultation period closes, it would be appropriate to form an implementation forum comprising members of all relevant professional bodies to consider technical issues relating to assurance arising as we navigate the Directive's implementation in Ireland.

If you have any questions on any of the comments in this response, please do not hesitate to contact me at anne.sykes@charteredaccountants.ie or on + 353 1 6377 313.

Yours sincerely



Anne Sykes
Secretary Assurance and Audit Technical Committee
Chartered Accountants Ireland

Barry Dempsey | **Chief Executive** | Geraldine Lyons FCA | **Secretary**



Dublin Office

Chartered Accountants House, 47– 49 Pearse Street, Dublin 2, D02 YN40
Tel +353 1 637 7200 **Email** MembersServices@charteredaccountants.ie

Chartered Accountants Ireland is the operating title for The Institute of Chartered Accountants in Ireland

Question 1. 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?

If not, please give your reasons and describe any alternatives that you wish IAASA to consider, including the reasons why you consider those approaches are preferable and how they will ensure the public interest is protected in Ireland.

We do agree that it is in the public interest that a sustainability assurance standard is adopted in Ireland as soon as is practical and that this remains in place until an EU standard is adopted.

Question 2. If you agree with IAASA's proposal to adopt a sustainability assurance standard, please state whether you would prefer ISSA 5000 or ISAE 3000.

Please give your reasons for that choice, including the particular benefits that you believe apply to your preferred standard.

We believe that ISAE 3000 should be adopted in Ireland immediately for sustainability engagements required by CSRD.

ISAE 3000 is a well-established standard and many audit and assurance practitioners are familiar with it. Methodologies and support materials are already well developed in many firms; however, the area of sustainability assurance is relatively new so there is a considerable amount of work to be undertaken to make this generic assurance standard suitable for this new purpose.

Networks have already commenced developing suitable methodologies which we believe will facilitate a smooth implementation of ISAE 3000 in Ireland.

On the other hand, ISSA 5000 has not yet been issued by the IAASB therefore it will be impractical to apply it for a number of years.

Given that audit (and other assurance) firms would need time to develop methodology and train staff in order to be able to carry out engagements under ISSA 5000 which is not available under the required reporting timelines.

The first wave of reports will be required in early 2025 therefore it is imperative that a decision is taken quickly.

Question 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.**

See our response to Question 2 above.

Question 4. Other than provisions derived from EU law, which IAASA intends to review for applicability (Section 4 refers), 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**

As mentioned in our opening paragraphs we believe there is significant complexity in modifying the Ethical Standard for Auditors in Ireland to apply to sustainability assurance engagements required by CSRD.

Rather we believe sustainability assurance providers should apply the requirements of Part 1 and Part 4B of the 2023 IESBA Code of Ethics in addition to the legal requirements set out in the legislation implementing CSRD and the Audit Regulation 537/2014 as amended.

We believe that there are a large number of provisions in the Ethical Standard for Auditors in Ireland that will need to be reviewed and amended with care in order to apply to sustainability assurance engagements required by CSRD without causing unintended consequences.

For example, the Glossary of Terms contains a definition of “Entity relevant to the engagement” which is used throughout the Ethical Standard for Auditors in Ireland. In preparing a set of financial statements the reporting boundary is the reporting entity and any entities it controls. In preparing a sustainability report the reporting boundary is the entire value chain not just the reporting entity and entities it controls. As such, in the context of a CSRD sustainability assurance engagement it is not clear what entities would be relevant under this definition.

It is not practical to identify all of these matters within the timeframe of this consultation therefore we suggest a longer-term project to identify and clarify any issues arising.

The matters for consideration raised in the proposed International Ethics Standards for Sustainability Assurance (including international independence standards) (IESSA) in relation to setting ethical and independence requirements for sustainability engagements are also relevant in considering any changes to the Ethical Standard for Auditors in Ireland when applying it to sustainability assurance engagements required by CSRD.

We believe that a practical way to deal with this is via a working party led by IAASA which we would be happy to join.

RESPONDENTS' INFORMATION

Full name *

Emer Kelly

Email address *

ekelly@cpaireland.ie

Phone number *

35314251000

The value must be a number

Are you submitting this response on behalf of an organisation? *

☒ Yes

☐ No

What is the name of that organisation? *

CPA Ireland

QUESTION 1

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?

If not, please give your reasons and describe any alternatives that you wish IAASA to consider, including the reasons why you consider those approaches are preferable and how they will ensure the public interest is protected in Ireland.

Please provide your comments on question 1 in the text box below.

Yes, CPA Ireland agrees that it is in the public interest that IAASA adopt a sustainability assurance standard. This will support consistency in the market and provide clarity to the users of the financial statements.

QUESTION 2

If you agree with IAASA's proposal to adopt a sustainability assurance standard, please state whether you would prefer ISSA 5000 or ISAE 3000.

Please give your reasons for that choice, including the particular benefits that you believe apply to your preferred standard.

Please provide your comments on question 2 in the text box below.

It is clear that there are distinct advantages and disadvantages to be considered in the event that either ISSA 5000 or ISAE 3000 is adopted.

However, on balance CPA Ireland considers that the adoption of ISSA 5000 to be preferable.

Whilst it is understood that ISAE 3000 is a well-established standard, the adoption of this standard is considered to be a short-term solution only.

It is considered that the adoption of ISSA 5000 provides a longer-term solution and given that the EU plans to move to this standard, will result in the least disruption for firms moving from an IAASA approved standard to the standard mandated by the EU.

It is recognised that there will be significant challenges for firms introducing methodologies and procedures pertaining to a draft standard. However, it is understood that ISSA 5000 is at an advanced stage of approval. Updates from IAASB in the interim period prior to its expected approval date in September 2024 will be of assistance in its implementation.

QUESTION 3

Are there any additional benefits or drawbacks to the adoption of ISSA 5000 or ISAE 3000 that you have identified 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

Please provide your comments on question 3 in the text box below.

None at this point.

QUESTION 4

Other than provisions derived from EU law, which IAASA intends to review for applicability (Section 4 refers), 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

Please provide your comments on question 4 in the text box below.

CPA Ireland supports the review of the Ethical Standards for Auditors (Ireland) to ensure that it adequately reflects the requirements of the CSRD. It is considered that the use of the ethical standards, being well established and understood by the audit profession and market is appropriate.

In terms of particular challenges identified, as the reporting requirements are new for all involved it will be essential that firms have robust systems in place to manage the provision of non-audit services in this space. However, it is considered that the Ethical Standards are sufficiently robust to manage this threat. The involvement of external consultants and experts will be likely for such engagements, and these relationships will need to be carefully managed and assessed in terms of the independence and integrity of those involved. However, it is considered that the ethical standards are sufficiently robust to manage this threat.

OTHER COMMENTS

Thank you for your participation in this consultation. If you have any further comments, please provide your views below.

n/a

15 April 2024

Tel: +353 (1) 417 2200
Fax: +353 (1) 417 2300
Deloitte.ie

Mr. Kevin Prendergast
Irish Auditing & Accounting Supervisory Authority
Willow House
Millennium Park
Naas
Co. Kildare

submissions@iaasa.ie

Consultation Proposal to adopt a Sustainability Assurance Standard in Ireland

Dear Mr. Prendergast,

Deloitte Ireland LLP (“Deloitte”, “we”) are pleased to provide comments on the Irish Auditing and Accounting Supervisory Authority (“IAASA”) consultation paper as titled above.

We believe the provision of mandatory assurance on sustainability reporting under the Corporate Sustainability Reporting Directive (“CSRD”) will bring new challenges for the audit profession and therefore we welcome the proactive action being taken by IAASA in this respect. We do not believe that the proposal to develop a specific local standard by IAASA would be a practical option considering that we are now within the mandatory implementation period of the CSRD.

We have set out below our responses to the specific matters on which views are sought. We have also contributed to the submission made by our professional body, Chartered Accountants Ireland on this consultation.

- 1. 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?**

Yes, we agree that the adoption of a sustainability assurance standard in Ireland for the purposes of the CSRD reporting is in the public interest. The adoption of a recognised assurance standard among assurance providers in Ireland will promote consistency in application and will also provide much needed clarity to the many users of CSRD assurance reports.

- 2. If you agree with IAASA’s proposal to adopt a sustainability assurance standard, please state whether you would prefer ISSA 5000 or ISAE 3000. Please give your reasons for that choice, including the particular benefits that you believe apply to your preferred standard.**

We believe that the assurance standard that should be adopted for the CSRD sustainability assurance reporting in Ireland is ISAE 3000. Although the ISSA 5000 standard has helpfully been developed and tailored specifically for

sustainability assurance reporting, the standard has yet to be formally approved and issued by the IAASB. Therefore, adoption and implementation of this standard at this stage, would not be a viable option.

ISAE 3000 is a well-established and recognised assurance standard. It has been an international standard in use for many years and is currently being used for assurance reporting on other sustainability topics, therefore its principles are well understood amongst practitioners and also by users of assurance reports. We do, however, recognise that application of its principles to the unique facts that will be present in the CSRD sustainability information will be a significant change. As our existing firm assurance methodology (as like many other firms), is based on ISAE 3000, upskilling practitioners to use its principles for the CSRD sustainability assurance will at least allow for a smoother implementation.

We believe that adoption of ISAE 3000 in Ireland for the purposes of the CSRD sustainability assurance reporting is needed as soon as possible, considering we are in the mandatory implementation period of CSRD. We would also suggest that this standard would remain in place until such time that the European Commission adopts a European wide assurance standard to be applied for the CSRD.

3. Are there any additional benefits or drawbacks to the adoption of ISSA 5000 or ISAE 3000 that you wish to highlight to IAASA?

No additional comments in this regard, please refer to our response in Question 2 above.

4. Other than provisions derived from EU law, which IAASA intends to review for applicability (Section 4 refers), 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?

As the current application and authority of the Ethical Standard for Auditors (Ireland) ("Ethical Standard") applies only to financial statement audit engagements, update and consideration of how it should be applied to assurance engagements, specifically to the CSRD sustainability assurance engagements, would undoubtedly be a substantial exercise.

Given that we are currently within the first period of mandatory application of the CSRD and recognising that there would be a lot of complexity in modifying the current Ethical Standard, we do not believe this will be practical or achievable in a short time.

Therefore, in the interim, we would advise that IAASA require assurance providers to comply with the requirements of the 2023 Code of Ethics as issued by IESBA, including Part 1 and Part 4B specifically which is applicable to assurance engagements. We recognise that assurance providers will also have to comply with the additional legal requirements set out in the upcoming Irish legislation implementing the CSRD and the Audit Regulation 537/2014 (as amended), in addition to the IESBA Code.

As compliance with the IESBA Code is already a current requirement of ISAE 3000, we believe this would be a sensible option to undertake in this interim period.

Thank you for your consideration of the points outlined in this letter. If you have any further questions or would like to discuss this matter further, please contact Jamie Schmidt at 01 4172980/087 3369343 or by email at jamischmidt@deloitte.ie.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J Schmidt'.

James Schmidt
Partner
For and on behalf of
Deloitte Ireland LLP
Deloitte & Touche House
29 Earlsfort Terrace
Dublin 2
D02 AY28

Mr. Kevin Prendergast
Chief Executive Officer
Irish Auditing and Accounting Supervisory Authority
Willow House
Millennium Park
Naas
Co Kildare

12 April 2024

Dear Mr Prendergast

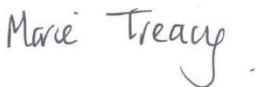
Proposal to adopt a Sustainability Assurance Standard in Ireland.

We are pleased to respond to your consultation paper with regard to the proposal to adopt a Sustainability Assurance Standard in Ireland.

We are supportive of the proposal to adopt a Sustainability Assurance Standard in Ireland as required by the Corporate Sustainability Reporting Directive (CSRD) and the need for consistent reporting on the same.

We have responded to the specific questions set out in the consultation in the attached.

Yours sincerely



Marie Treacy

- Q1. 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?

If not, please give your reasons and describe any alternatives that you wish IAASA to consider.

We 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.

- Q2. If you agree with IAASA's proposal to adopt a sustainability assurance standard, please state whether you would prefer ISSA 5000 or ISAE 3000.

Please give your reasons for that choice, including the particular benefits that you believe apply to your preferred standard.

We believe that ISAE 3000 should be adopted as the sustainability assurance standard in Ireland until a European-wide standard is adopted by the European Commission given the timing of reporting on sustainability assurance engagements required by CSRD.

ISAE 3000 is a global standard and is already consistently applied. ISAE 3000 is currently available and aligns to the expected scope requirements of CSRD for providing limited assurance in the initial period.

- Q3. 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

While ISAE 3000 is not a sustainability specific standard, the concepts align with the requirements of CSRD. ISSA 5000 has not currently been issued by the IAASB and the expected timelines would not allow sufficient time for updates to training and methodology in time for the required reporting timelines of CSRD.

Q4. Other than provisions derived from EU law, which IAASA intends to review for applicability (Section 4 refers), 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

We believe the requirements of the IESBA code, as required by ISSA 5000 and ISAE 3000, together with the legal requirements set out in CSRD should be applied and no further additional requirements. There are number of provisions in the Ethical Standard for Auditors (Ireland) that would require review and amendment and we would be happy to participate in a working group or forum to discuss the relevant issues should IAASA wish to consider this in more detail.

RESPONDENTS' INFORMATION

Full name *

Daniel O'Donovan

Email address *

daniel.odonovan@kpmg.ie

Phone number *

The value must be a number

Are you submitting this response on behalf of an organisation? *

☒ Yes

☐ No

What is the name of that organisation? *

KPMG

QUESTION 1

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?

If not, please give your reasons and describe any alternatives that you wish IAASA to consider, including the reasons why you consider those approaches are preferable and how they will ensure the public interest is protected in Ireland.

Please provide your comments on question 1 in the text box below.

We agree that it is in the public interest to adopt sustainability assurance standard in Ireland for CSRD engagements as soon as is practical and that this remains in place until an EU standard is adopted. If a standard is not adopted by IAASA it would be left to assurance providers to determine what standard to apply which would likely result in different standards being applied which would not be in the public interest.

QUESTION 2

If you agree with IAASA's proposal to adopt a sustainability assurance standard, please state whether you would prefer ISSA 5000 or ISAE 3000.

Please give your reasons for that choice, including the particular benefits that you believe apply to your preferred standard.

Please provide your comments on question 2 in the text box below.

In our view, ISAE 3000 should be adopted in Ireland immediately for sustainability engagements required by CSRD.

ISAE 3000 is a well-established standard and many auditors who will perform CSRD assurance engagements and assurance practitioners are currently familiar with that standard. Methodologies and support materials have been developed in many firms; however, the area of sustainability assurance is relatively new so there is a considerable amount of work to be undertaken to make this generic assurance standard suitable for this new purpose.

Networks of audit firms have commenced developing suitable methodologies which we believe will facilitate a smooth implementation of ISAE 3000 in Ireland.

Regarding ISSA 5000, it has not yet been issued by the IAASB therefore it will be impractical to apply it for a number of years. This is because audit (and other assurance) firms would need time to develop methodology and train staff in order to comply with legislative requirements to be able to carry out engagements under ISSA 5000, and such time is not available under the required reporting timelines.

The first wave of reports will be required in early 2025 therefore it is imperative that a decision is taken quickly so there is certainty for those issuers and their assurance providers.

QUESTION 3

Are there any additional benefits or drawbacks to the adoption of ISSA 5000 or ISAE 3000 that you have identified 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

Please provide your comments on question 3 in the text box below.

See our response to question 2.

QUESTION 4

Other than provisions derived from EU law, which IAASA intends to review for applicability (Section 4 refers), 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

Please provide your comments on question 4 in the text box below.

We believe there is significant complexity in modifying the Ethical Standard for Auditors in Ireland to apply to sustainability assurance engagements required by CSRD. We have provided an example of the complexity that arises in this regard below.

For example, the Glossary of Terms contains a definition of "Entity relevant to the engagement" which is used throughout the Ethical Standard for Auditors in Ireland. In preparing a set of financial statements the reporting boundary is that of the reporting entity and any entities it controls. In preparing a sustainability report the reporting boundary is that of the entire value chain not just the reporting entity and entities it controls. As such, in the context of a CSRD sustainability assurance engagement it is not clear what entities would be relevant under this definition.

It is our understanding that there are a large number of provisions in the Ethical Standard for Auditors in Ireland that would need to be reviewed and amended carefully in order to apply to sustainability assurance engagements required by the CSRD without causing unintended consequences.

We found it not to be practical to identify the majority of these matters within the consultation timeframe therefore would suggest a longer-term project is needed to identify the issues arising.

We believe the matters for consideration raised in the proposed International Ethics Standards for Sustainability Assurance (including international independence standards) (IESSA) in relation to setting ethical and independence requirements for sustainability engagements are also relevant in considering any changes to the Ethical Standard for Auditors

Prior to the outcome of such a project we believe sustainability assurance providers should apply the requirements of the Section 1 and Section 4B of the 2023 IESBA Code of Ethics in addition to the legal requirements set out in the legislation implementing CSRD and the Audit Regulation 537/2014 as amended. This approach has two principal benefits, firstly it avoids unintended consequences and secondly, auditors who will perform CSRD assurance engagements are familiar with these requirements.

OTHER COMMENTS

Thank you for your participation in this consultation. If you have any further comments, please provide your views below.

Overall we are supportive of the plans to adopt an international standard in Ireland and we recommend that ISAE 3000 is adopted for sustainability assurance engagements required by the Corporate Sustainability Reporting Directive "CSRD" or "Directive" as soon is practicable, in light of the fact the implementing legislation has not been signed into law.

We are committed to the successful implementation of the CSRD in Ireland given its importance in the public interest and are happy to contribute to any implementation fora regarding the technical and practical complexities arising.

From: [Paul O'Connor \(IE\)](#)
To: [Submissions](#)
Subject: Consultation Paper Proposal to Adopt a Sustainability Assurance Standard in Ireland
Date: Friday 19 April 2024 17:32:03

Questions posed in the consultation and PwC responses

Question 1

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? If not, please give your reasons and describe any alternatives that you wish IAASA to consider, including the reasons why you consider those approaches are preferable and how they will ensure the public interest is protected in Ireland.

PwC Response

We believe that IAASA should adopt a sustainable standard in Ireland as soon as possible to ensure quality, consistency and clarity of sustainability assurance engagements.

Question 2

If you agree with IAASA's proposal to adopt a sustainability assurance standard, please state whether you would prefer ISSA 5000 or ISAE 3000. Please give your reasons for that choice, including the particular benefits that you believe apply to your preferred standard.

PwC Response

As stated in the consultation paper, a key benefit of adopting ISSA 5000 is that it will represent international best practice and is tailored to sustainability assurance, however given that the final standard will not be approved until September 2024, we consider that it is an impossible task to develop methodologies and roll out training programmes to successfully implement such a significant standard in the time available.

The first wave of entities in scope for CSRD reporting are Ireland's largest EU PIES and the likely reporting timeframe for the completion of the CSRD assurance engagements is early 2025. Typically planning in relation to assurance engagements of this complexity and size would commence at least 6 months in advance of the year end date (31 December 2024 in most cases) with a significant amount of work executed in advance of the year end date.

Typically the minimum period required to develop methodologies, training and the roll out to practitioners would be 18 months in advance of the commencement of planning of engagements under a new pronouncement.

We therefore consider that the adoption of ISAE 3000 is the only viable option given the timeframe involved. As firms already have in place established methodologies and training programmes in relation to ISAE 3000, this would allow firms to appropriately prepare for the first wave of CSRD assurance engagements.

Question 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

PwC Response

Please see our response to Question 2 above.

Question 4

Other than provisions derived from EU law, which IAASA intends to review for applicability (Section 4 refers), 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

PwC Response

We note from the consultation paper that IAASA is currently proposing to review the existing Ethical Standard for Auditors (Ireland) and where necessary revise this standard for use on sustainability assurance engagements and to reflect any necessary updates as a result of the CSRD directive.

We note that IESBA currently has an open consultation on ethical considerations in sustainability reporting and assurance and that the final pronouncement is not expected until December 2024.

We are of the view that the amendment of the IAASA Ethical Standard which is currently designed for audit engagements only, should not be undertaken prior to the issue of the revised IESBA standard to ensure that the Irish ethical requirements are consistent with IESBA requirements.

We consider that any revision of the IAASA ethical standard would be an extensive and complex exercise and that the revised proposed standard would require public consultation. The timelines for completion of this are further challenged as the Irish legislation implementing the CSRD directive will not be available until July 2024. In addition, transitional arrangements in relation to the implementation of a revised standard would be necessary as the engagement periods for the 1st wave of companies subject to CSRD reporting have already commenced.

As a possible alternative to updating the IAASA Ethical Standard, IAASA could consider whether it would be appropriate for firms to follow the relevant parts of the IESBA Code for Assurance engagements other than audit and review engagements as required by ISAE 3000 together with the ethical requirements for CSRD engagements set out in EU and Irish law.

Kind regards

Paul O'Connor
for PwC

Paul W O'Connor
PwC | Partner | Assurance
Mobile: +353 (0) 86 806 8492
Email: paul.w.oconnor@pwc.com
PricewaterhouseCoopers | One Spencer Dock, North Wall Quay, Dublin 1
<http://www.pwc.com/ie>

This email is confidential and is intended for the addressee only. If you are not the addressee, please delete the email and do not use it in any way.

PricewaterhouseCoopers (PwC) does not accept or assume responsibility for any use of or reliance on this email by anyone, other than the intended addressee to the extent agreed in the relevant contract for the matter to which this email relates

(if any). PricewaterhouseCoopers is an Irish general partnership with its principal office at One Spencer Dock, North Wall Quay, Dublin 1. It is authorised and regulated by the Institute of Chartered Accountants in Ireland to carry on investment business. PwC may monitor outgoing and incoming emails and other telecommunications on its email and telecommunications systems; by replying to this email you give your consent to such monitoring.

RESPONDENTS' INFORMATION

Full name *

Lovemore Mazungunye

Email address *

lovemore.mazungunye@robertsnathan.com

Phone number *

857366367The value must be a number

Are you submitting this response on behalf of an organisation? *

☐ Yes

☒ No

QUESTION 1

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?

If not, please give your reasons and describe any alternatives that you wish IAASA to consider, including the reasons why you consider those approaches are preferable and how they will ensure the public interest is protected in Ireland.

Please provide your comments on question 1 in the text box below.

Ireland being a EU economic powerhouse, it is of paramount importance to adopt a sustainability assurance standard that is widely used within the EU, in order to Ireland to continue cementing its position as an economic powerhouse within the EU. More and more investors are considering sustainability-linked investments, therefore, strong and internationally applied sustainability assurance standards would enable Ireland to keep on attracting FDI.

QUESTION 2

If you agree with IAASA's proposal to adopt a sustainability assurance standard, please state whether you would prefer ISSA 5000 or ISAE 3000.

Please give your reasons for that choice, including the particular benefits that you believe apply to your preferred standard.

Please provide your comments on question 2 in the text box below.

ISSA 5000 is preferable due to reasons linked to attracting FDI (as explained in question 2).

QUESTION 3

Are there any additional benefits or drawbacks to the adoption of ISSA 5000 or ISAE 3000 that you have identified 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

Please provide your comments on question 3 in the text box below.

Benefits linked to ISSA 5000 as mentioned in response to question 1.

QUESTION 4

Other than provisions derived from EU law, which IAASA intends to review for applicability (Section 4 refers), 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

Please provide your comments on question 4 in the text box below.

It should be applied in whole, without much amendments in order for the Irish economy to remain competitive in the world market.

OTHER COMMENTS

Thank you for your participation in this consultation. If you have any further comments, please provide your views below.



**Irish Auditing & Accounting
Supervisory Authority**

Willow House
Millennium Park
Naas, Co. Kildare
W91 C6KT
Ireland

Phone: +353 (0) 45 983 600
Email: info@iaasa.ie

www.iaasa.ie