

24 September 2026

Dear Chief Executive Officer,

## **Re: Third-country auditors and audit firms seeking approval to carry out the assurance of sustainability reporting in Ireland**

The Irish Auditing and Accounting Supervisory Authority (IAASA) is writing to provide clarification on the statutory and regulatory framework applicable to third-country auditors and audit firms that may wish to seek approval to carry out the assurance of sustainability reporting in Ireland.

This letter is issued for information and to support a consistent understanding of the current legal position. It is not a substitute for the legislation, nor should it be treated as legal advice. Firms and individuals should take their own advice where necessary, having regard to their particular circumstances.

### **Legislative background**

Directive (EU) 2022/2464, the Corporate Sustainability Reporting Directive (CSRD), amended Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts (the Audit Directive), including by extending the statutory audit framework to the assurance of sustainability reporting.

In Ireland, the CSRD was transposed principally through the European Union (Corporate Sustainability Reporting) Regulations 2024 (S.I. No. 336 of 2024) and the European Union (Corporate Sustainability Reporting) (No. 2) Regulations 2024 (S.I. No. 498 of 2024). These Regulations amended the Companies Act 2014, including by inserting a new Part 28 relating to sustainability reporting.

Companies within scope of Part 28 must obtain limited assurance over sustainability reporting from a statutory auditor/audit firm approved to carry out the assurance of sustainability reporting. In Ireland, the assurance of sustainability reporting is linked to the statutory audit framework. A Sustainability Assurance Service Provider ('SASP') is a statutory auditor who has been awarded an additional approval to carry out assurance of sustainability reporting under the Companies Act 2014. As such, any third-country auditor or audit firm wishing to be approved as a SASP must first be approved as a statutory auditor in Ireland.

European and Irish legislation provide practical pathways for third-country auditors to become approved statutory auditors and SASPs in Ireland, subject to a number of conditions. It should be noted, however, that reciprocal arrangements are currently limited to the UK and for the purposes of statutory audit only. The development of such arrangements is a lengthy process. In the absence of such arrangements, the route available involves the individual becoming a member of a Recognised Accountancy Body (RAB) and meeting the statutory requirements for membership, which include additional exams and at least two years of practical training with a statutory auditor or audit firm approved in any Member State. In addition, individuals seeking approval as SASPs must satisfy the separate statutory requirements applicable to that approval, including any additional examinations and relevant practical experience requirements.

### **Statutory auditor approval**

Section 1572 of the Companies Act 2014 provides that, without prejudice to Chapter 3 and subject to the existence of a reciprocity requirement, a RAB may approve a third-country auditor as a statutory auditor if that person has furnished proof that he or she complies with requirements equivalent to those specified in sections 1464 and 1472 of the Act. Section 1572 also provides that a third-country auditor shall not be approved unless reciprocal arrangements with the third country concerned are in place.

The practical process will depend on the applicant, the relevant RAB, the applicant's qualification, and experience, and whether reciprocal arrangements are in place. However, the following issues are central to the assessment:

- **Appropriate qualification:** the applicant must hold an appropriate qualification or demonstrate equivalence to the statutory requirements applicable to statutory auditors in Ireland – including a written exam.
- **Good repute:** the applicant must satisfy the good repute requirements applicable to statutory auditors.
- **Aptitude testing or sufficient knowledge:** the applicant will be required to pass an aptitude test on matters relevant to statutory audit in Ireland.
- **Practical training:** the applicant must evidence three years of practical training, including 2 years in statutory audit work.
- **Reciprocal arrangements:** section 1572 requires reciprocal arrangements with the relevant third country, enabling an Irish statutory auditor to carry out audits in that third country on conditions no more onerous than those applying to the third-country auditor's approval in Ireland. At the time of writing, a reciprocal arrangement for statutory auditor approval is in place between Ireland and the UK only.
- **RAB assessment and approval:** the application is assessed by the relevant RAB, which will need to verify information submitted and assess whether the applicant has the professional skills and competencies required to perform statutory audits in Ireland. Additionally, we note that RABs consider applications only from individuals who are to be designated by existing Irish statutory audit firms as audit engagement partners.

### **Subsequent SASP approval after statutory auditor approval**

Section 1640 of the Companies Act 2014 provides that, without prejudice to Chapter 5 and subject to the necessary reciprocity requirement, a RAB may approve a third-country auditor as a SASP if that person has furnished proof that he or she complies with requirements equivalent to those specified in section 1628. Section 1640 also provides that a third-country auditor shall not be approved unless reciprocal arrangements with the third country concerned are in place specific to assurance of sustainability reporting. No reciprocal arrangement exists in relation to the assurance of sustainability reporting.

Section 1628 requires the following to obtain approval as a SASP:

- **Appropriate qualification:** the applicant must hold an appropriate qualification or demonstrate equivalence to the statutory requirements applicable to SASPs – including a written exam.
- **Aptitude testing or sufficient knowledge:** the applicant will be required to pass an aptitude test on matters relevant to assurance of sustainability reporting in Ireland.
- **Practical training:** the applicant must evidence a minimum of eight months' relevant practical training on sustainability related services.

- Reciprocal arrangements: section 1640 requires reciprocal arrangements with the relevant third country, enabling an Irish statutory auditor to carry out assurance of sustainability reporting in that third country on conditions no more onerous than those applying to the third-country auditor's approval in Ireland.
- RAB assessment and approval: the application is assessed by the relevant RAB, which will need to verify information submitted and assess whether the applicant has the professional skills and competencies required to perform assurance on sustainability reporting in Ireland.

There are also transitional or “grandfathering” arrangements under the Irish CSRD implementation which apply to individuals who were already approved as statutory auditors before 1 January 2026. Accordingly, a third-country auditor who was not approved as a statutory auditor in Ireland on or before 31 December 2025 should not be treated as eligible for grandfathering.

### Ongoing requirements after approval

Approval as a statutory auditor and, subsequently, approval as a SASP give rise to continuing professional, regulatory, and supervisory obligations. Approval should therefore be regarded as entry into an ongoing regulatory framework rather than a one-off authorisation event.

| Requirements for statutory auditors    | Practical effect                                                                                                                                                                                                                                                                 |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>RAB membership</b>                  | A statutory auditor must remain a member of a RAB in Ireland.                                                                                                                                                                                                                    |
| <b>Professional competence and CPD</b> | The statutory auditor must maintain professional competence, including through continuing professional development and compliance with the requirements of the relevant RAB and IAASA.                                                                                           |
| <b>Standards and legislation</b>       | The statutory auditor must comply with applicable auditing standards, ethical requirements, independence obligations, the Companies Act 2014, Regulation (EU) No 537/2014 where relevant, and the rules and regulations of the relevant RAB.                                     |
| <b>Good reputation and conduct</b>     | The statutory auditor must continue to satisfy good reputation and professional conduct requirements, including confidentiality, integrity, objectivity, and independence.                                                                                                       |
| <b>Inspection and monitoring</b>       | The statutory auditor and audit firm will be subject to quality assurance review, inspection, monitoring, and follow-up activity by the relevant RAB and, where applicable, IAASA.                                                                                               |
| <b>Investigation and enforcement</b>   | IAASA has powers under section 934 of the Companies Act 2014 to investigate potential breaches of RAB standards by statutory auditors and potential contraventions of legislation. The relevant RAB may also exercise investigation and disciplinary powers under its own rules. |

| Additional requirements for SASPs      | Practical effect                                                                                                                                                                                                                                                    |
|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Sustainability competence</b>       | The SASP must maintain competence in sustainability reporting and sustainability assurance, including developments in Part 28 of the Companies Act 2014, ESRS, assurance standards and methodology, and sustainability-related legal and regulatory requirements.   |
| <b>Assurance standards</b>             | Sustainability assurance engagements must be carried out in accordance with the applicable Irish assurance standard, currently ISAE (Ireland) 3000, and related ethical and quality management requirements.                                                        |
| <b>Professional competence and CPD</b> | The SASP must maintain professional competence, including through continuing professional development and compliance with the requirements of the relevant RAB and IAASA in addition to the requirements for statutory auditors.                                    |
| <b>Inspection and monitoring</b>       | The SASP will be subject to quality assurance review, inspection, monitoring, and follow-up activity by the relevant RAB and, where applicable, IAASA.                                                                                                              |
| <b>Investigation and enforcement</b>   | IAASA has powers under section 934 of the Companies Act 2014 to investigate potential breaches of RAB standards by SASPs and potential contraventions of legislation. The relevant RAB may also exercise investigation and disciplinary powers under its own rules. |

## Conclusion

While there is a legislative route to becoming approved as a SASP in Ireland for third-country auditors, there are a number of significant practical challenges. The requirements for reciprocal arrangements and the current very limited reciprocal arrangements in place (UK for statutory audit only) make any applications for approval as a SASP difficult. Potential applicants must also consider not only the initial qualification and approval requirements in statutory audit as well as sustainability assurance but also the continuing compliance costs and supervisory obligations associated with operating as a statutory auditor and SASP within the Irish regulatory framework.

Yours faithfully,



**Kevin Prendergast**

**Chief Executive Officer**

**Irish Auditing and Accounting Supervisory Authority**