



An Roinn Fiontar,  
Trádála agus Fostaíochta  
Department of Enterprise,  
Trade and Employment

# Public Consultation on Member State Option to Introduce Independent Assurance Services Provider (IASP)

Pursuant to Article 34(4) of Directive 2013/34/EU as inserted by Directive  
2022/2464/EU (CSRD)

---

## Public Consultation on Member State Option to Introduce Independent Assurance Services Provider (IASP)

### PURPOSE OF THE PUBLIC CONSULTATION

The Department of Enterprise, Trade and Employment is seeking the views of the public on the exercise of the Member State option to introduce Independent Assurance Services Providers (IASPs) pursuant to Article 34(4) of Directive 2013/34/EU ('Accounting Directive') inserted by Directive 2022/2464/EU as regards Corporate Sustainability Reporting ('CSRD').

The Accounting Directive sets out general requirements for the audit of financial statements, and the directors' reports. Under the requirements of the CSRD Member States must provide for statutory auditors to become qualified to provide assurance of sustainability reporting. They may then provide an assurance assessment on whether the sustainability information complies with reporting standards.

CSRD inserts new paragraph 4 into Article 34 of the Accounting Directive, allowing Member States the option to introduce IASPs to provide an opinion on the sustainability reporting of undertakings that fall within its scope. IASPs must be accredited to give the opinion and must be subject to equivalent requirements as statutory auditors.

### BACKGROUND

The European Commission made a commitment to review the provisions concerning non-financial reporting in the Accounting Directive, focusing on a socially just transition to a sustainable economic system considering its new economic strategy under the Green Deal. This generated a paradigm shift in company reporting, placing sustainability reporting on an equal footing to financial reporting with the adoption of the CSRD in January 2023.

The CSRD replaces the previous Non-Financial Reporting Directive 2014/95/EU ('NFRD'), providing for reporting obligations on environmental, social and governance ('ESGs') for relevant companies. This ensures that investors and other stakeholders have access to information to assess investment risks and impacts throughout their own value chain, including risks arising from climate change and abuses of human rights. Consequently, the market for sustainability information is anticipated to grow rapidly, and the role of IASPs is gaining recognition across Europe.

Companies within the scope of CSRD are required to provide information on environmental, social and governance ('ESG') including human rights matters according to mandatory European Sustainability Reporting Standards ('ESRS') in the directors' report. These standards have been developed by the European Financial Reporting Advisory Group (EFRAG). Sustainability information will be subject to a limited assurance (audit) until the adoption of reasonable assurance standards by the Commission in 2028.

## CSRD TRANSPOSITION TIMELINE

Ireland must transpose the CSRD into national law by the 6 July 2024 with mandatory requirements commencing for financial years on or after:

- 1 January 2024 for public interest entities in scope of EU non-financial reporting rules (greater than 500 employees).
- 1 January 2025 for other larger companies and public interest entities (greater than 250 employees) and
- 1 January 2026 for listed SMEs, with an 'opt out' possible until 2028.
- 1 January 2028 for large subsidiaries and branches of non-EU companies with a net turnover of €150 million in the EU.

Work is underway to incorporate the mandatory provisions along with a small number of Member State options into national law by way of Statutory Instrument on or before 6 July 2024.

The Member State option to recognise, accredit, regulate, and monitor IASPs needs further examination considering the findings made by the public consultation on CSRD conducted in 2023.

## FINDINGS FROM THE PUBLIC CONSULTATION ON THE CORPORATE SUSTAINABILITY REPORTING DIRECTIVE 2023

In March 2023, the Department launched a [public consultation](#) on the Member State options provided in the CSRD which received 34 responses. A review of the responses to this public consultation found that whilst the majority were in favour of adopting the option to recognise, accredit, regulate, and monitor a new category of sustainability provider, almost a third of respondents thought further exploration of this Member State option should be conducted to ascertain market need.

## MEMBER STATE OPTION TO INTRODUCE INDEPENDENT ASSURANCE SERVICES PROVIDER

Sustainability assurance is a voluntary undertaking in most countries. Consequently, there is no restriction on who can provide sustainability assurance services and the industry is unregulated. These providers can be classified into accounting and non-accounting sustainability assurance providers. Issues may arise with respect to independence, objectivity, adherence to reporting standards and quality of sustainability assurance on the sustainability reporting.

The CSRD gives Member States the option to recognise, accredit, regulate, and monitor non-accounting IASPs. Once a Member State decides to adopt the option to introduce a new category of independent assurance services provider, several mandatory provisions are required.

### ***Accreditation***

IASPs should be accredited to provide an assurance opinion on sustainability reporting. The Irish National Accreditation Board is the sole body in Ireland responsible for accreditation under this Regulation.

### ***Quality Assurance and Oversight***

IASPs must be subject to requirements that are equivalent to the requirements set out in Directive 2006/43/EC ('Audit Directive'), including: training and examination; continuing education; quality assurance systems; professional ethics, independence, objectivity, confidentiality, and professional secrecy; appointment and dismissal; the organisation of the work of IASPs; investigations and sanctions; and the reporting of irregularities.

### ***Home and Host Supervision across the EU***

From 6 January 2027, the 'host Member State' must allow IASPs established in another Member State to carry out the assurance of sustainability reporting and that host Member State should be permitted to supervise IASPs.

### ***Monitoring***

Member States must ensure that the assurance opinion is prepared in accordance with assurance standards and that, where applicable, the audit committee, or a dedicated committee, reviews and monitors the independence of the independent assurance services provider.

### ***Transitional Provisions – if required***

If required, Member States must ensure that IASPs accredited before 1 January 2024 are not subject to the training and examination requirements, provided they complete that process by 1 January 2026.

## **POLICY RATIONALE FOR MEMBER STATE OPTION**

The objective of this Member State option is to create an open and diverse sustainability assurance audit market, giving undertakings a broader choice of IASPs, resulting in enhanced audit quality of sustainability information. According to Recital 61 of the CSRD, the Member State option guarantees a level playing field among all persons and firms providing sustainability assurance services, creating an opportunity for additional markets to grow in accordance with the European Union's new economic growth strategy under the Green Deal.

## **CONSULTATION QUESTIONS**

The Department would like your views on the following questions to assess market need.

**Question 1** – Do you support the proposal that Ireland adopts the Member State option to introduce, accredit, regulate, and monitor a new service provider – called an Independent Assurance Services Provider – to give an assurance opinion on sustainability reporting? Please give reasons for your preference.

**Question 2** – Do you voluntarily obtain the services of a person, other than a statutory auditor, for an assurance opinion on sustainability reporting? Please give reasons for your preference.

**Question 3** – Do you have any views on how and by whom Independent Assurance Services Providers established in Ireland should be accredited, supervised, and monitored?

**Question 4** – Do you have any views on the capacity of Independent Assurance Services Providers to comply with equivalent requirements to those set out in the Directive 2006/43/EC ('Audit Directive')?

**Question 5** – Do you have any views on how Ireland (being the host Member State) should supervise the assurance of sustainability reporting carried out by Independent Assurance Services Providers established in another member State?

**Question 6** – If you fall within scope of the CSRD, would you be likely to use an Independent Assurance Services Provider (other than a statutory auditor) for your sustainability assurance? Please give reasons for your preference.

**Question 7** – Do you have any views on whether the introduction of a new sector for assurance on sustainability would benefit or harm Irish business and employment or the Irish economy?

#### Other relevant issues

Please include your views on any other issues that you might see as relevant to the transposition of this Member State option.

THANK YOU FOR YOUR RESPONSES

## DEADLINE FOR SUBMISSIONS

The deadline for submissions is **Friday, 19 July 2024**.

Submissions should be sent by email to [CSRD@enterprise.gov.ie](mailto:CSRD@enterprise.gov.ie) using the template provided.

Please write **‘response to public consultation on option to adopt Independent Assurance Services Provider’** in the subject line of the email.

## FREEDOM OF INFORMATION ACT 2014 AND PUBLICATION OF SUBMISSIONS

The Department will make public on its website all submissions received under this consultation. Your attention is also drawn to the fact that information provided to the Department may be disclosed in response to a request under the Freedom of Information Act 2014. Therefore, should you consider that any information you provide is commercially sensitive, please identify same, and specify the reason for its sensitivity. The Department will consult with you regarding information identified by you as sensitive before publishing or otherwise disclosing it.

## GENERAL DATA PROTECTION REGULATION

Respondents should note that the General Data Protection Regulation (‘GDPR’) entered into force in Ireland on 25 May 2018 and it is intended to give individuals more control over their personal data. The key principles under the Regulation are as follows:

- lawfulness, fairness and transparency;
- purpose limitation;
- data minimization;
- accuracy;
- storage limitation;
- integrity and confidentiality, and
- accountability.

The Department of Enterprise, Trade and Employment is subject to the provisions of the Regulation in relation to personal data collected by it. Any personal information which you volunteer to this Department, will be treated with the highest standards of security and confidentiality, strictly in accordance with the Data Protection Acts 1988 to 2018.

APRIL 2024