



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

Public Consultation on Member State Option to Introduce Independent Assurance Service Providers (IASPs)

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

Response Template

As set out in the consultation paper, the Department of Enterprise, Trade and Employment is specifically seeking views on the Member State option to introduce a new category of independent assurance services provider pursuant to Directive 2022/2464/EU ('CSRD').

Respondents can comment generally on this Member State option at the end of the template and express any views specific to this option should they wish.

Please include your response in the space underneath the relevant option, to set out/ explain your views. Completing the template will assist with achieving a consistent approach in responses returned and facilitate collation of responses.

When responding please indicate whether you are providing views as an individual or representing the views of an organisation.

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Respondents are requested to return their completed templates by email to CSRD@enterprise.gov.ie by the closing date of **Friday, 19 July 2024**.

Submissions should be sent by email to CSRD@enterprise.gov.ie

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

Directive 2022/2464/EU ('CSRD') amends Directive 2013/34/EU ('Accounting Directive') by inserting a new paragraph 4 into Article 34. Paragraph 4 provides the following:

4. Member States may allow an independent assurance services provider established in their territory to express the opinion referred to in point (aa) of the second subparagraph of paragraph 1, provided that such independent assurance services provider is subject to requirements that are equivalent to those set out in Directive 2006/43/EC of the European Parliament and of the Council as regards the assurance of sustainability reporting as defined in point 22 of Article 2 of that Directive, in particular the requirements on:

- (a) training and examination, ensuring that independent assurance services providers acquire the necessary expertise concerning sustainability reporting and the assurance of sustainability reporting;
- (b) continuing education;
- (c) quality assurance systems;
- (d) professional ethics, independence, objectivity, confidentiality and professional secrecy;
- (e) appointment and dismissal;
- (f) investigations and sanctions;
- (g) the organisation of the work of the independent assurance services provider, in particular in terms of sufficient resources and personnel and the maintenance of client account records and files; and
- (h) reporting irregularities.

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.

Yes, only if significant disadvantages for SMEs are acknowledged and addressed.

EcoEasi is a CSRD reporting tool for SMEs which is being developed. The current focus is on those SMEs who are in the value chain of larger companies who are subject to CSRD and require questionnaires to be filled in.

While EcoEasi is agnostic as to who provides the limited assurance opinion given there is no big software/AI difference in an opinion being obtained from either a statutory auditor or an independent services provider, EcoEasi can be objective in identifying the benefits and disadvantages to having an independent services provider involved in providing an opinion.

Benefits:

- There may be a perception of greater independence if the SME opinion is provided by an independent services provider, including greater robustness and less chance of any conflict of interest.

Statutory auditors are already prevented from engaging in any consulting work. However, providing an assessment opinion under CSRD is still considered audit work. On that basis it may be likely that a future requirement for SMEs could insist on there

being a separation between the statutory auditor and the entity which provides the limited assurance opinion as is the case more generally. So it would be better to have this sector in place now and properly regulated.

- The independent limited assurance opinion will be predicated upon data which will be held by an additional independent 3rd party.
- An independent limited assurance opinion from a 3rd party may be a differentiator/determinant for an SME when accessing financing.
- An independent assurance services provider may engage in greater independent education of the SME over the medium and long term than a statutory auditor.

Disadvantages for SMEs

- Cost. There is likely to be an additional cost to the SME. If 2 parties are engaged for both a statutory audit opinion and a CSRD limited assurance opinion (increased taxes etc).
- Complexity. There may be greater complexity in obtaining an additional opinion from an independent 3rd party. A statutory auditor may be a long-term partner with the SME and will have a greater familiarity with the specifics of the SME's situation. It represents a greater burden for an SME to appoint 2 opinion providers rather than 1.
- Time: SMEs will be required to spend additional non-core time when partnering with an 3rd party to explain which they may not have to if the opinion had been provided by the statutory auditor. The independent assurance service provider is likely to have a greater demand on an SME's valuable time than a statutory auditor.

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.

No

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?

No

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')?
No.
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?
No
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.
N/A
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?
N/A
Please include your views on any other issues that you might see as relevant to Article 34(4) and (5).
N/A

THANK YOU FOR YOUR RESPONSES