

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

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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.