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STATUTORY AUDIT AND ESG REPORTING IN ROMANIA: REGULATORY CONVERGENCE AND IMPLEMENTATION CHALLENGES IN THE CONTEXT OF CSRD

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Abstract
Over the last decade, ESG (Environmental, Social, Governance) reporting has evolved from a voluntary initiative to a regulated obligation as a result of increasing legislative and market pressures. The entry into force of Directive (EU) 2022/2.464 (CSRD) and the publication of the European Sustainability Reporting Standards (ESRS) have introduced clear requirements for the provision of comprehensive, verifiable and comparable information on the sustainability performance of entities. At national level, the amendments to Law No. 162/2017 by Law No. 137/2025 mark a structural change: the responsibilities of statutory auditors extend beyond the financial sphere to include assurance on non-financial information. This extension involves aligning audit practices with international standards such as ISAE 3000 (Revised), the Global Reporting Initiative (GRI) and the Task Force on Climate-related Financial Disclosures (TCFD). The main challenges include multidisciplinary training for auditors, integrating ESG procedures into audit planning, managing data traceability, and working effectively with internal audit. The article proposes a framework of good practices and a set of performance indicators (KPIs) relevant to ESG auditing, tailored to the particularities of the Romanian market, with a focus on companies listed on the Bucharest Stock Exchange, thus contributing to improving the quality and credibility of sustainability reporting.

Keywords: *Statutory audit; ESG; corporate sustainability; ASPAAS; limited assurance*.

JEL Classification: *Q56, M49, M48*

INTRODUCTION

Over the last decade, sustainability has become a central element of the corporate agenda, shaping a new paradigm in organisational performance assessment – one that goes beyond traditional financial criteria and integrates environmental, social and governance (ESG) dimensions. In this context, investors, regulators and other stakeholders are demanding transparent, reliable and comparable non-financial reporting from companies that reflects how they manage sustainability-related risks and opportunities (Eccles & Klimenko, 2019; KPMG, 2023; Dachevski & Ackers, B., 2025). The growing interest in ESG is fuelled by converging pressure from regulators, investors and stakeholders demanding transparent and comparable information on sustainability (Eccles et al., 2014). The KPMG report (2023) highlights that over 96% of the 250 largest companies globally include ESG information in their reporting, and the trend is growing due to regulatory requirements.

To meet these requirements, the European Union has adopted Directive (EU) 2022/2.464 - Corporate Sustainability Reporting Directive (CSRD), which extends the scope of non-financial reporting and introduces the European Sustainability Reporting Standards (ESRS) developed by the European Financial Reporting Advisory Group (EFRAG). These standards aim to standardise reporting and increase the comparability of ESG data (European Commission, 2022). Corporate sustainability reporting expands the scope of entities required to report and introduces strict requirements for the verification of ESG information through a form of external assurance. This directive fundamentally transforms the role of statutory audit, moving from a verification of financial statements to a complex responsibility that includes the validation of non-financial data and the assessment of sustainable governance systems (European Commission, 2022).

In Romania, this directive was transposed by Emergency Ordinance No. 137/2024 and subsequently consolidated by Law No. 137/2025**,** which make significant changes to Law No. 162/2017 on statutory audit. Among the most important changes is the obligation for statutory auditors to provide limited assurance on ESG information included in the annual reports of the entities concerned. The new regulations also impose high standards of qualification, professional ethics and independence for auditors performing ESG engagements, as

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well as new requirements for their documentation, reporting and supervision by ASPAAS (Law No. 162/2017, Art. 32, amended by OUG 137/2024).This reform is not just a formal adaptation to European regulations, but a real challenge for the audit profession in Romania. Statutory auditors are required to extend their expertise beyond the financial field, to collaborate more closely with internal governance functions (including internal audit and the audit committee) and to adopt a multidisciplinary approach to assessing sustainability performance (IFAC, 2023; The IIA, 2023).

Against this background, the main objective of the research is to analyse the regulatory convergence between the European and national frameworks for ESG reporting and to identify the implementation challenges faced by statutory auditors. The article addresses both methodological and professional competence issues, as well as practical implications for the integration of ESG into external auditing, with a focus on the specificities of the Romanian market and companies listed on the Bucharest Stock Exchange. This article aims to analyse the impact of these legislative changes on the role of the statutory auditor in the ESG context, highlight implementation challenges at national level and propose a set of recommendations and best practices for the development of a coherent and effective framework for ensuring sustainability reporting.

Research methodology

The research approach was based on a qualitative, exploratory approach, structured in two stages. The first stage consisted of a rigorous documentary analysis of the applicable regulatory framework, including Law No. 162/2017 and the amendments made by Government Emergency Ordinance No. 137/2024 and Law No. 137/2025. Relevant European policy documents (CSRD, ESRS) and professional guidelines issued by international bodies (IAASB, IFAC, IIA) were also analysed. The second stage included an interpretative analysis of the legislative implications for statutory audit practice, linked to academic studies and papers in the field of ESG audit, non-financial assurance and corporate sustainability (Simnett & Huggins, 2015; Friede et al., 2015; Kotsantonis & Serafeim, 2019). These stages were complemented by a comparative analysis between the requirements imposed on statutory auditors in Romania and European trends in ESG verification, with the aim of identifying critical areas for compliance and professional development.

I. REGULATORY AND INSTITUTIONAL FRAMEWORK FOR THE INTEGRATION OF ESG INTO FINANCIAL AUDITING

The transformation of corporate reporting under the influence of Environmental, Social and Governance criteria is one of the most significant reform processes in corporate governance in the last two decades. From a predominantly voluntary and fragmented approach, ESG has become a mandatory element in the reporting of large entities and, gradually, of medium-sized entities as well, as a result of pressure from international regulations, investor expectations and civil society demands (Eccles, Ioannou & Serafeim, 2014; KPMG, 2023; Dachevski & Ackers, 2025).

ESG integration into financial auditing is not an isolated process, but rather the result of the convergence of three fundamental dimensions (Figure 1).

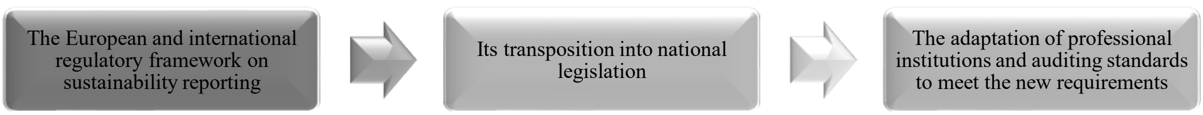

Figure 1. The three dimensions of ESG integration in financial auditing
Source: Author processing, 2025

ESG integration in financial auditing is the result of a structural transformation based on three interdependent dimensions, each of which contributes significantly to shaping the new role of the auditor in the era of sustainability. The first dimension is the European and international regulatory framework for sustainability reporting, which has evolved rapidly from general and voluntary requirements, as was the case with Directive 2014/95/EU (NFRD), to a robust and detailed system with the adoption of Directive (EU) 2022/2464 (CSRD) and the European Sustainability Reporting Standards (ESRS) developed by EFRAG (European Commission, 2022; EFRAG, 2023). This framework is also aligned with international assurance standards, such as ISAE 3000 (Revised) issued by the IAASB, and with voluntary reporting frameworks, such as the GRI Standards or TCFD Recommendations.

The second dimension concerns the transposition of this framework into national legislation, a process that involves adapting domestic regulations to reflect European requirements. In Romania, this step was taken through amendments to Law No. 162/2017 by Government Emergency Ordinance No. 137/2024 and Law No. 137/2025, which introduced sustainability reporting assurance engagements as part of the responsibilities of financial auditors

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and regulated their supervision by ASPAAS (Article 75). The third dimension concerns the adaptation of professional bodies and auditing standards to meet the new requirements. This involves the development of specialised professional training programmes, the development of methodological guidelines and the integration of ESG competencies into national auditing standards, in line with international standards. Professional bodies, such as the Chamber of Financial Auditors of Romania (CAFR), together with supervisory entities and international associations (IFAC, IIA), play a decisive role in this process, ensuring the consistency and quality of ESG audit practices.

Through the interaction of these three dimensions, ESG becomes not just a set of information to be reported, but an integrated component of the financial audit process, with direct implications for corporate transparency, credibility and sustainability.

Therefore, a turning point in the regulation of non-financial reporting was the adoption of Directive 2014/95/EU (NFRD), which introduced for the first time explicit reporting requirements on environmental, social and governance aspects. However, the relatively general nature of this directive has led to uneven implementation across Member States, limiting the comparability and usefulness of the information published (European Commission, 2020). In response, Directive (EU) 2022/2464 on corporate sustainability reporting (CSRD) significantly extended the scope, requiring all large companies and, over time, listed SMEs to report in accordance with the European Sustainability Reporting Standards (ESRS). The CSRD introduces an external assurance requirement (initially limited assurance, with a possible evolution towards reasonable assurance after 2028) for ESG reporting, placing financial auditors in a central role (European Commission, 2022; EFRAG, 2023). The ESRS, adopted by delegated acts in 2023, represent a comprehensive set of standards setting out detailed requirements on the structure, content and mandatory indicators. They include cross-cutting standards (ESRS 1 and ESRS 2), thematic standards (E, S, G) and sector-specific standards currently under development (EFRAG, 2023).

The integration of ESG into financial auditing should also be viewed in the context of international assurance standards. The central document for assurance engagements on non-financial information is ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the IAASB. It provides the procedural framework for planning, performing and reporting limited or reasonable assurance engagements on ESG data (IAASB, 2022). Other relevant reporting frameworks (*Figure 2)* for conducting activities within audit engagements include standards and guidance that may supplement the ESRS requirements and guide auditors in assessing and verifying non-financial information.

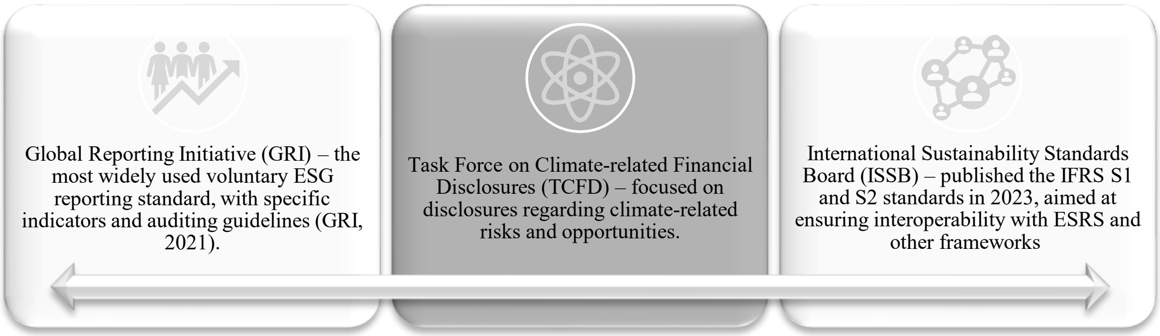

Figure 2. ESG reporting frameworks
Source: Author processing, 2025

Thus, financial auditors undertaking ESG engagements need to master both European and international standards to ensure cross-border compliance and respond to global stakeholder requirements.

Romania has integrated the CSRD and ESRS requirements through amendments to Law No. 162/2017 on statutory audit. Two pieces of legislation underpin this reform: Government Emergency Ordinance No. 137/2024 and Law No. 137/2025 (approving the ordinance) (Figure 3).

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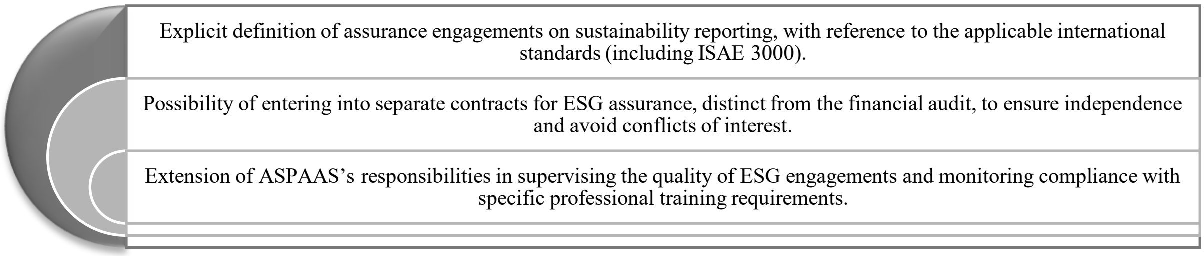

Figure 3. Key amendments to Law 162 of 2017 on ESG reporting
Source: Author processing, 2025

These changes bring Romania in line with European trends, but also raise implementation issues, particularly regarding the availability of qualified human resources and the adaptation of audit procedures.

II. CONVERGENCE WITH INTERNATIONAL PRACTICES AND RELATED CHALLENGES

The effective implementation of ESG auditing requires coordination between several institutions and professional bodies (Figure 4). Thus, the effective implementation of ESG auditing in Romania requires solid inter-institutional coordination between regulatory, supervisory and professional training bodies to ensure methodological consistency and uniform application of standards.

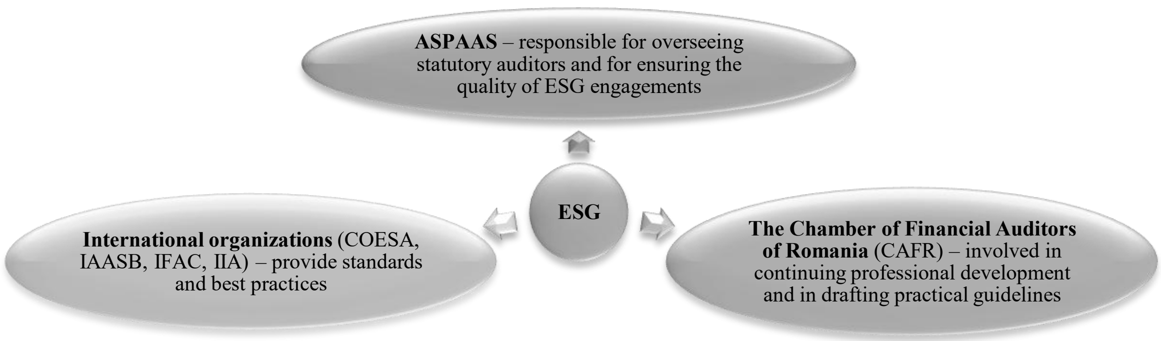

Figure 4. Institutional coordination for the implementation of ESG auditing in Romania
Source: Author processing, 2025

Firstly, the Authority for Public Supervision of Statutory Audit (ASPAAS), as the competent authority at national level, carries out mutual cooperation activities with similar authorities in other Member States of the European Union and the European Economic Area, with the aim of harmonising the legal and professional requirements applicable to statutory audit and sustainability reporting. This cooperation is achieved through the exchange of information, best practices and the alignment of methodologies, taking into account recent developments in the field of auditing and the degree of convergence already achieved within the profession at European level. Specifically, ASPAAS cooperates both with COESA (European Economic Area Audit Oversight Committee) and with the competent authorities referred to in Article 20 of Regulation (EU) No 537/2014, where these actions are directly related to statutory audit and sustainability assurance engagements carried out for public-interest entities. The aim is not only to ensure compliance with regulatory requirements, but also to create a common frame of reference to facilitate interoperability and mutual recognition of professional standards (Law 162/2017, Article 7(2)).

ASPAAS plays a central role, being responsible for supervising the work of statutory auditors and verifying the quality of ESG assurance engagements. The amendments introduced by Article 75 of Law No. 162/2017, as amended by Law No. 137/2025, have extended ASPAAS's powers to include monitoring compliance with specific professional training requirements in the field of sustainability reporting. This supervisory function is essential to ensure public and investor confidence in the accuracy of verified ESG information (ASPAAS, 2025). Secondly, the Chamber of Financial Auditors of Romania (CAFR) is responsible for developing and implementing continuing professional training programmes tailored to ESG requirements, as well as for developing practical guidelines to support auditors in applying assurance standards such as ISAE 3000 (Revised). CAFR is thus a key player in preparing auditors for the new challenges posed by the CSRD and ESRS (CAFR, 2024). International

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bodies such as the International Auditing and Assurance Standards Board (IAASB), the International Federation of Accountants (IFAC) and The Institute of Internal Auditors (IIA) provide the global regulatory framework and internationally recognised best practices. These organisations publish standards, guidelines and methodologies that ensure the interoperability and comparability of ESG audit practices across jurisdictions (IAASB, 2022; IFAC, 2023; IIA, 2023).

This institutional triad – consisting of ASPAAS, CAFR and international bodies – constitutes the essential infrastructure for the coherent integration of ESG into financial auditing, enabling Romania to align itself with international standards and ensure the credibility of corporate reporting in an increasingly demanding global context. The institutional architecture is essential to ensure uniformity of practices and stakeholder confidence in the quality of external verification of ESG reporting.

Although the European and Romanian regulatory framework for ESG reporting and auditing has made substantial progress with the adoption of Directive (EU) 2022/2464 (CSRD), the European Sustainability Reporting Standards (ESRS) and their transposition into national law through Law No. 137/2025 (amending Law No. 162/2017), effective implementation in practice faces a set of structural and operational challenges (Figure 5).

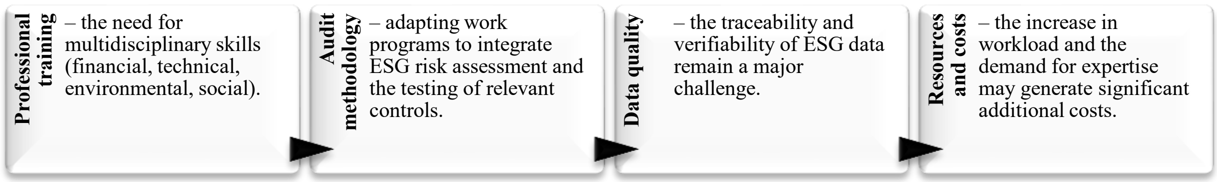

Figure 5. Main practical challenges in implementing ESG auditing in Romania
Source: Author processing, 2025

Although Romania has taken important steps in transposing European requirements on ESG reporting and ensuring compliance, the implementation process at national level is marked by a number of structural and operational challenges. A first challenge is the lack of multidisciplinary skills among statutory auditors. ESG requires expertise not only in finance and accounting, but also in areas such as climate change, natural resource management, diversity and inclusion, and ethical governance (IFAC, 2023; IIA, 2023; Hritcan, 2023). In the current context, climate change is one of the most pressing ESG risks, and understanding its mechanisms and implications for business models is becoming a necessity (Hritcan, 2023) for audit professionals. A lack of tailored training may limit auditors' ability to assess the climate impact on organisational performance and recommend relevant adaptation and mitigation measures. Studies show that in the absence of training programs adapted to these needs, respectively training programs dedicated to ESG, the quality and depth of assurance missions can be compromised (IAASB, 2022; Molociniuc et al., 2022).

Secondly, the audit methodology needs to be adapted to include ESG risk assessment and testing of relevant controls, in line with ISAE 3000 (Revised) and the guidance issued by the IAASB and IIA (IAASB, 2022; IIA, 2023). Methodological adaptation is not just a matter of formal compliance, but an essential condition for ensuring the relevance and usefulness of ESG reporting. Studies show that standardised approaches, combined with a contextualised risk assessment, can significantly improve stakeholders' perception of the credibility of information (Molociniuc et al., 2022; Grosu et al, 2023). The literature emphasises that this adaptation requires changes to the structure of work programmes, the introduction of procedures for verifying non-financial data and the application of audit techniques based on ESG materiality (Simnett & Huggins, 2015; KPMG, 2023). A third challenge is the quality of ESG data. According to Kotsantonis & Serafeim (2019), publicly reported sustainability data is often incomplete, unstructured, difficult to verify and inconsistent across entities or periods. The lack of integrated collection and traceability systems reduces audit efficiency and makes reporting comparisons difficult (GRI, 2021; World Economic Forum, 2020).

Finally, high resources and costs are a significant obstacle. Implementing CSRD involves expanding audit teams, ongoing training and integrating specific technologies for ESG data management, all of which place financial pressure on entities and auditors (Friede, Busch & Bassen, 2015; Deloitte, 2022). In the absence of adequate funding and a realistic timetable, there is a risk that ESG engagements will be treated formally, strictly focused on compliance rather than on generating long-term value (Eccles & Krzus, 2018).

Another critical issue is insufficient coordination between internal audit and statutory audit. Although international standards recommend collaboration between the two functions to maximise the effectiveness of the assurance process (IIA, 2023), in practice this synergy is limited, especially in companies where ESG is not yet integrated into corporate strategy. Last but not least, time and cost pressures can affect the depth of checks. The implementation of CSRD and ESRS involves a significant amount of additional work, which, in the absence of adequate resources, can lead to formal approaches focused on minimum compliance rather than on creating value for stakeholders (Friede et al., 2015; Hritcan et al., 2025).

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III. STATUTORY AUDIT AND INTERNAL AUDIT IN THE ESG ERA: SYNERGIES AND DELIMITATIONS

With the expansion of sustainability reporting requirements and the introduction of external assurance requirements for ESG information, a new corporate governance architecture is emerging, in which collaboration between internal audit and statutory audit is becoming essential. Although the two functions retain their institutional autonomy, the thematic convergence imposed by recent regulations — in particular Directive (EU) 2022/2464 and Law No. 137/2025 — requires greater coordination in terms of non-financial risk assessment, data traceability and verification of ESG indicators. According to The Institute of Internal Auditors (IIA, 2023), internal e auditing is ideally positioned to provide advice and assurance on the internal control and ESG governance framework, assessing the processes by which non-financial data is collected, aggregated and validated. In contrast, statutory audit is responsible for providing a form of external assurance (limited assurance) on this data, within a standardised framework, with complete independence from the entity (IAASB, 2022).

The literature highlights this complementarity. Simnett and Huggins (2015) argue that "the added value of assurance on ESG information derives from a collaborative framework between internal control and assurance actors and independent third parties". More specifically, the internal auditor can support the collection and preliminary validation of ESG indicators (e.g., emissions, energy consumption, gender diversity), ensuring data traceability and the effectiveness of operational controls, while the statutory auditor bases its assurance engagement on these already internally validated processes (Deloitte, 2022, Hritcan, Boghean & Hritcan, 2025). This approach is reinforced by recent amendments to Law No. 162/2017, which allow entities to enter into separate assurance contracts on sustainability, strengthening the independence of statutory audit and clearly delimiting its area of responsibility from that of internal audit. At the same time, ASPAAS is responsible for supervising both the quality of the work of ESG statutory auditors and compliance with the requirements on the avoidance of conflicts of interest, in particular where the same auditor provides multiple services (Law No. 137/2025, Art. 75 para. 1 letter e).

On the other hand, for this collaboration to be effective, an organisational culture is needed in which the audit, internal control and ESG governance functions are strategically interconnected. The PwC report (2020) shows that in organisations with advanced ESG reporting practices, internal audit teams are involved early in the process of establishing data collection methodologies and testing controls, while the statutory auditor has easy access to these documents and can reduce the technical review effort.

Consequently, in the ESG era, internal audit and statutory audit can no longer operate in parallel, but must operate in a relationship of functional complementarity. While the former is a pillar of internal control and organisational resilience, the latter becomes the guarantor of external transparency and the credibility of non-financial reporting, under the umbrella of European and national regulations.

IV. PROPOSED BEST PRACTICES FOR ESG AUDITORS

The implementation of assurance engagements on ESG reporting by external auditors requires a well-defined methodological framework, aligned with both European regulations and national ethical and professional requirements. In this regard, it is recommended to follow a set of structured best practices (Table 1) at several operational levels.

Table 1 . Good practices and recommendations for implementing ESG missions in statutory audit

Area	Recommended good practices	Relevant sources
1. Training and competence	Mandatory participation in training programmes on ESG, ESRS standards and ISAE 3000	IFAC (2023), ASPAAS (2025)
2. Independence and ethics	Avoidance of conflicts of interest in combined engagements (financial audit and ESG)	Law No. 162/2017, Art. 63^1
3. Mission planning	Application of ISAE 3000 (Revised) principles in planning limited assurance engagements	IAASB (2022), CSRD
4. Cooperation with internal audit	Integration of relevant findings from internal audit for ESG risk analysis	IIA (2023), Deloitte (2022)
5. ESG risk assessment	Review of the entity's risk matrix, with a focus on reported ESG aspects	PwC (2020), Law 137/2025
6. Testing ESG data	Selective verification of the traceability and accuracy of non-financial data – especially for critical KPIs	Simnett & Huggins (2015), Kotsantonis & Serafeim (2019)
7. Reporting results	Issuing an ESG limited assurance report in accordance with ISAE 3000 and CSRD/ESRS guidelines	IAASB, EFRAG

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8. Documentation and archiving	Creating a separate working file for the ESG engagement, with supporting documents and a clear audit trail	ASPAAS, Law 137/2025
9. Supervision and quality control	Implement an internal quality control process for ESG engagements	ASPAAS, IFAC

Source: Author processing, 2025

Firstly, professional training becomes a central pillar. According to the provisions introduced by Law No. 137/2025, auditors providing assurance services on sustainability reporting must follow specialised training programmes recognised by ASPAAS, covering areas such as ESRS standards, ISAE 3000 (Revised) principles, ESG risks and the assessment of non-financial indicators (IFAC, 2023). With regard to independence and professional ethics, it is essential that auditors comply with rules on avoiding and resolving conflicts of interest, especially where the same firm performs both financial and ESG audits. Article 31 of Law 162/2017 (as amended) provides for the possibility of concluding separate contracts for ESG engagements, precisely in order to support transparency and objectivity.

Planning an ESG engagement must be carried out in accordance with ISAE 3000 (Revised), which involves a preliminary analysis of reporting risks, understanding internal ESG data collection processes, and determining the scope of assurance. In this process, collaboration with the internal audit function becomes valuable: previous findings or control tests can reduce the volume of external procedures required (IIA, 2023; Hritcan, Boghean & Hritcan, 2025). ESG data testing should focus on the accuracy, completeness and traceability of key indicators, with particular attention to those that have a material impact on investor decisions (e.g. GHG emissions, gender diversity, resource consumption). In this regard, the literature recommends identifying primary data sources and assessing the calculation methodologies used by the company (Simnett & Huggins, 2015). The final assurance report must be drafted in accordance with the structure set out in ISAE 3000 and include the auditor's opinion on the compliance and credibility of the ESG information presented. Finally, adequate documentation of the mission and the existence of an internal quality control system are essential conditions for validating compliance, both in the case of ASPAAS inspections and in the event of disputes or requests from external stakeholders.

The integration of ESG reporting into statutory financial auditing requires not only the adaptation of the regulatory framework, but also the establishment of a clear set of performance indicators (KPIs) to measure the quality, efficiency and compliance of assurance engagements. Unlike internal audit, where the focus is on supporting internal processes and continuous improvement, statutory audit has the strict objective of expressing an independent opinion, in accordance with ISAE 3000 (Revised) and CSRD requirements (European Commission, 2022), on the fairness and credibility of the ESG information presented by the entity.

Table 2 . Structured proposal for KPIs) relevant for assessing the maturity of audited ESG processes

Area	Performance indicator (KPI)	Relevance
1. Independence and legal compliance	Percentage of ESG engagements where compliance with independence requirements was explicitly documented	Ensures objectivity and avoidance of conflicts of interest
	Number of non-compliances identified by ASPAAS regarding ESG assignments	Direct indicator of quality and compliance
2. Risk planning and assessment	Percentage of ESG engagements that include a non-financial risk matrix aligned with ESRS and ISAE 3000	Measures the rigour of the planning process
	Average time allocated to planning compared to the execution of the ESG mission	Reflects the balance between preliminary analysis and procedures
3. Obtaining audit evidence	Percentage of material ESG indicators verified through direct testing and external confirmation	Measures the robustness of audit evidence
	Number of adjustments proposed to the entity as a result of findings from the ESG engagement	Reflects the effectiveness of verification
4. Data quality and traceability	Percentage of ESG indicators with complete documentation of source and calculation methodology	Prevents misreporting and ensures transparency
	Number of findings regarding lack of traceability of ESG data	Signals critical points in the process
5. Reporting and audit opinion	Percentage of ESG assurance reports prepared in accordance with ISAE 3000 and the structure required by CSRD/ESRS	Measures formal compliance

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	Average time between completion of procedures and issuance of ESG assurance report	Efficiency indicator
6. Quality control and supervision	Number of ESG engagements subject to internal quality review prior to issuance of the report	Ensures uniform standards
	Percentage of recommendations from ASPAAS inspections implemented in subsequent assignments	Reflects ability to adapt and improve

Source: Author processing, 2025

The first key area is independence and legal compliance. Law No. 162/2017, amended by Law No. 137/2025, requires auditors to explicitly document their compliance with the principles of independence and to avoid conflicts of interest, especially in combined financial and ESG audit engagements. Indicators such as 'percentage of ESG engagements where independence was documented' or 'number of non-compliances identified by ASPAAS' are relevant for assessing compliance with these requirements (ASPAAS, 2025). Risk planning and assessment is another central pillar. According to the IAASB (2022) and IFAC (2023), a rigorous ESG engagement must include a non-financial risk matrix aligned with ESRS standards and ISAE 3000 methodologies ISAE 3000. Here, KPIs such as "percentage of ESG engagements with a formalised risk matrix" or "average time spent on planning versus engagement execution" can highlight the auditor's preparedness. The obtaining of audit evidence is assessed through indicators such as "percentage of material ESG indicators verified through direct testing and external confirmation" or "number of adjustments proposed to the entity as a result of the engagement findings". Simnett and Huggins (2015) emphasise that the robustness of evidence is essential for issuing a credible assurance opinion.

Data quality and traceability are probably one of the biggest challenges, as noted by Kotsantonis & Serafeim (2019), given that many companies do not have mature systems for collecting and validating ESG data. KPIs such as "percentage of ESG indicators with full documentation of source and calculation methodology" or "number of findings of lack of traceability" are critical for monitoring progress in this area. With regard to reporting and audit opinion, compliance with the structure required by the CSRD and ISAE 3000 should be monitored through indicators such as "percentage of ESG reports prepared in accordance with requirements" and "average time between completion of procedures and issuance of the assurance report". Last but not least, quality control and supervision are measured by the "number of ESG engagements subject to internal quality review" and the "percentage of ASPAAS inspection recommendations implemented in subsequent engagements". These ensure continuous improvement and alignment with international best practices (IFAC, 2023).

Thus, a coherent framework of KPIs tailored to ESG statutory financial auditing not only supports compliance with legal and professional requirements, but also contributes to strengthening stakeholder confidence in sustainability reporting, in line with the objectives of the CSRD and European reporting standards.

V. CONCLUSIONS AND FUTURE RESEARCH DIRECTIONS

The transformation of corporate reporting through the integration of ESG criteria marks a structural change in the way companies define their performance and responsibility towards stakeholders. In Romania, this transition is accelerated by the transposition of the CSRD and the introduction of the ESRS, but also by the amendments made by Law No. 137/2025 to Law No. 162/2017, which extend the duties of statutory auditors to non-financial information. What until recently was a voluntary exercise in transparency has now become a mandatory requirement, and this leap forward requires a rapid and complex adaptation of the audit profession.

In line with the research objective – to analyse regulatory convergence and implementation challenges – the results point to three key factors for success: professional training, data quality and institutional convergence. Statutory auditors need to develop multidisciplinary skills, combining financial analysis with expertise in environmental, social and governance areas (Hrițcan, 2023; IFAC, 2023). At the same time, challenges related to the quality and verifiability of ESG data remain significant, as highlighted by Kotsantonis and Serafeim (2019), requiring robust systems for information collection and validation. At the institutional level, cooperation between ASPAAS, CAFR and international bodies (IAASB, IFAC, IIA) is essential for methodological alignment and the creation of a coherent supervisory framework (Molociniuc et al., 2022).

On this basis, the article recommends a set of concrete actions. First, specialised training in ESRS standards and ISAE 3000 principles should become mandatory for auditors involved in ESG engagements. Second, a national framework of good practices, complemented by clear performance indicators (KPIs), is needed to enable the comparable assessment of ESG engagements. Thirdly, collaboration between internal and statutory audit should be encouraged to integrate complementary perspectives into the assessment of ESG risks and controls. At the same time, investments in digital infrastructure for data traceability and strengthening ASPAAS oversight of the quality

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of ESG engagements will contribute to increasing public confidence in sustainability reporting.

Romania therefore has the opportunity to turn current challenges into a competitive advantage by adopting an integrated ESG audit model that ensures not only legal compliance but also real strategic value for companies and society. These directions, already explored in other EU Member States, can be adapted to the specificities of the Romanian market, turning current challenges into a competitive advantage. Future research could assess the impact of these measures on the quality and credibility of ESG reporting in the first years of implementation of the new regulations, thus contributing to the development of public policies and professional standards.

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